Information to unit-holders in Pareto Investment Fund and Pareto Aksje Norge

We are contacting you to inform that the proposed merger between Pareto Investment Fund (the merging fund) and Pareto Aksje Norge (the receiving fund) has been processed and approved by the board of directors in Pareto Asset Management AS, including the board members elected by unit-holders. The Norwegian Financial Supervisory Authority has given its approval, and the proposed merger will now be reviewed by the general meeting of unit-holders in both the merging- and the receiving fund.

If the general meeting of unit-holders approves the merger, it will take effect on 5 December 2023 ("the effective date"). On the effective date, all assets and liabilities of the merging fund will be transferred to the receiving fund. As a result of the merger, the merging fund will cease to exist and thus be dissolved without going into liquidation.

Unit-holders who agree to the changes proposed in this notice do not need to take any action. Unit-holders who do not agree with the proposed merger, has the right to redeem or exchange of their units free of charge from the date of this notice until 12:00 on 28 November 2023.

This notice describes the consequences of the merger and must be read thoroughly. The merger can affect your tax situation. Unit-holders are advised to consult their professional advisers concerning the merger's legal, financial, and fiscal implications according to national law in the countries of which they are citizens, have domicile, are registered or live in.

1. Rationale for the merger

The board of directors in Pareto Asset Management wish to merge Pareto Investment Fund (the merging fund) with Pareto Aksje Norge (the receiving fund).

The board's reasoning is based on several arguments. Pareto Asset Management is a boutique-manager, which means that we are more narrowed and focused compared to many other asset managers. Within management of Norwegian shares, we currently have two funds, namely Pareto Aksje Norge and Pareto Investment Fund. Norwegian shares are a cornerstone of our management activities and an area we want to continue to develop and further strengthen the quality of. We are convinced that the best way to accomplish this is by focusing our resources on one Norwegian mutual fund, Pareto Aksje Norge.

In recent years, Pareto Aksje Norge has experienced solid growth in its assets under management, both through returns to our unit-holders and new subscriptions from existing and new unit-holders. Today the fund has around NOK 10 billion under management. Pareto Investment Fund on the other hand, has experienced a significant decrease in assets under management in the same period. The reduction in assets under management can almost entirely be explained by redemption from unit-holders. Today, the fund has around NOK 0.5 billion under management.

The funds are in the same category for synthetic risk- and return indicators and both funds have delivered solid historical returns over the long term. Nevertheless, there is a certain difference in the historical return fluctuations of the two funds when measured by standard deviation. Pareto Aksje

Norge has fluctuated roughly like the market, while Pareto Investment Fund has fluctuated more than the market, measured by the funds' benchmark Oslo Børs Mutual Fund Index. A similar observation is found when looking at the biggest drop in unit value over the last ten years. For both funds, the biggest drop occurred during the covid pandemic. From the peak before the pandemic broke out to the bottom in March 2020, the unit value in Pareto Aksje Norge fell by 36%, while the unit value in Pareto Investment Fund fell by 49%. The difference in return fluctuations can be explained by the funds' investment strategy, in particular the fact that Pareto Investment Fund invests in small and medium-sized companies to a greater extent.

Based on an overall assessment the board believes that it is in the best interest of both the management company and the unit-holders to merge the funds, with Pareto Aksje Norge as the receiving fund.

2. Consequences for the unit-holders

2.1 Transfer of assets and liabilities

The proposed merger will entail a transfer of all assets and labilities from the merging fund to the depositary of the receiving fund. Assets and liabilities will be held there on behalf of the receiving fund in exchange for the issue of new units in the receiving fund to unit-holders who are registered in the merging fund on the effective date of the merger.

The merging fund's costs will also be transferred to the receiving fund, including depositary fee.

Any income in the merging fund which has not been paid out at the effective date of the merger, will be included in the assets transferred to the depository of the receiving fund. It will be held there on behalf of the receiving fund and treated as the receiving funds income.

2.2 Units and exchange ratio

Both the receiving and the merging fund have unit classes with different requirements for minimum subscription amount. Unit class A in the merging fund has the same subscription requirement as unit class B in the receiving fund. Upon completion of the merger, unit-holders in the merging fund will receive new units in the relevant unit class in the receiving fund as stipulated in the table below.

Merging fund **Unit class**	**Receiving fund** **Unit class**
Unit-holders with unit class A	Unit-holders with unit-class B

Unit class B and C in the merging fund are currently inactive. If a unit-holder subscribes and thus activates one of these unit classes before 28 November 2023, the unit-holder will acquire units in the receiving fund for which the unit-holder qualifies on the effective date of the merger.

In exchange for their units in the merging fund, unit-holders will receive a corresponding total value in the receiving fund. Consequently, the exchange ratio will be determined as the ratio between net unit value for the relevant unit class in the merging fund, and the net unit value for the relevant unit class in the receiving fund.

The new units supplied to unit-holders in Pareto Investment Fund as part of the merger, will be exempt from any subscription fee, redemption fee or conversion cost and will have such characteristics as described in Pareto Aksje Norge's prospectus and articles of association. Current units in the merging fund will be deleted upon completion of the merger.

Pareto Asset Management will calculate net unit value for the day before the effective date of the merger in accordance with methods for value calculation set out in the prospectus and articles of association for both Pareto Investment Fund and Pareto Aksje Norge.

Methods for value calculation in the merging- and the receiving fund are the same. Thus, unit-holders in the merging fund will acquire a unit value in the receiving fund which is materially the same as their unit value in the merging fund immediately before the effective date. However, the exact net unit value will not be known until the effective date of the merger.

Pareto Asset Management AS will cover costs related to legal assistance, consultancy and/or administration, which occurs in connection to completion of the merger. Thus, administrative costs will not be charged to the funds or unit-holders.

2.3 Investment strategy and expected return

Both funds are registered as Norwegian UCITS-funds which follow the placement rules in the Norwegian securities fund act chapter 6. They aim to provide unit-holders the highest possible return in relation to the funds' risk. The benchmark for both funds is Oslo Børs Mutual Fund Index, both funds are actively managed and invests independent of the benchmark index's composition. Furthermore, both funds are categorized as article 8-funds in accordance with the Sustainable Finance Disclosure Regulation.

Pareto Aksje Norge invests in a limited numbers of shares listed on Oslo Børs or other regulated markets in Norway. Important selection criteria for the fund's investments are companies with a solid balance sheet, good historical returns on equity and reasonable pricing.

Pareto Investment Fund invests at least 80 percent in shares listed on Oslo Børs or other regulated markets in Norway, alternatively shares issued by companies who are registered or taxable in Norway. The investment philosophy is built on analysis of economic framework conditions, industry-specific factors, and individual companies.

The effects on investment strategy- and universe can be summed up as follows: For the receiving fund, Pareto Aksje Norge, there will be no change to either universe or strategy. For the merging fund, Pareto Investment Fund, there will be a limited reduction in investment universe because the fund currently invests up to 20 percent outside Norway. There will also be a change in strategy because selection criteria in the funds differ.

The expected return in the receiving fund is assumed to stay at the same level as the expected return in both funds before the merger.

No significant changes are expected in either the merging or the receiving fund before implementation of the merger.

2.4 Costs

Both the receiving and the merging fund have unit classes. What distinguishes the unit classes are the minimum subscription amount and the management fee. As of now, only the merging fund has an active unit class A. Unit class A in the merging fund has the same minimum subscription amount and management fee as unit class B in the receiving fund. Unit-holders in unit class A in the merging fund will receive units in unit class B in the receiving fund at the effective date of the merger.

Unit class / characteristics	Pareto Investment Fund	Pareto Aksje Norge B
Minimum subscription	NOK 500	NOK 500
Management fee	1.80% p.a.	1.80% p.a.

In addition to management fees, the following cost can be covered by the funds:

- Transaction costs for the fund's placements,
- Payment of any taxes the fund is subject to,
- Interests on debt and
- Extraordinary costs which are necessary in order to look after the unit-holders' interests.

The transaction costs are at the same level for both funds. No significant change in turnover rate is expected, but the receiving fund is expected to have a slightly lower turnover rate than the merging fund.

Based on current tax regulation, it is not expected that any of the funds will be in a tax position. Both funds have accumulated significant carryforward losses. At the start of 2023 Pareto Aksje Norge and Pareto Investment Fund had carryforward losses of NOK 862 million and NOK 186 million, respectively. No significant differences are thus expected in taxes imposed on the funds.

Neither of the funds is expected to have significant borrowing. No significant differences are thus expected between the funds in the amount of interest on borrowing.

No significant change is expected in the level of potential extraordinary costs in the receiving or the merging fund. As mentioned above, the fund can only be charged with extraordinary costs if they are necessary to safeguard the unit-holder's interests.

2.5 Periodic reporting

The merger will not entail any changes in periodic reporting to unit-holders.

2.6 Possible result failure

Consequences of the merger is described above. Other circumstances that could lead to failure of results is not expected.

2.7 Tax treatment

The summary below is only intended as a general guide to some of the most important aspects of current Norwegian tax law- and practice that apply to the merger and does not necessarily apply to certain categories of unit-holders. It is not intended to provide specific advice and no measures should be taken or omitted based on the information. If unit-holders are in doubt as to their personal tax position in relation to the merger, they should immediately seek independent advice from their professional tax adviser.

The merger will be conducted with fiscal continuity for the unit-holders in accordance with Norwegian tax legislation. Thus, the merger will not entail any changes in tax treatment for unit-holders.

Unit-holders who choose to redeem their units, including fund exchange, are fiscally considered to have realized their units.

Unit-holders who are taxable in other countries than Norway should examine the applicable tax regulation in the respective countries.

Attachment

Comparison of certain important elements of the merging and the receiving fund.

The merging fund **Pareto Investment Fund**	**The receiving fund** **Pareto Aksje Norge**
Goal The receiving fund's goal is to give unit-holders the highest possible return in relation to the fund's risk.	**Goal** The receiving fund's goal is to give unit-holders the highest possible return in relation to the fund's risk.
Investment strategy The fund is an equity fund that invests at least 80% in securities listed on exchange or other regulated markets in Norway, alternatively issued by companies that are registered or taxable in Norway. The fund is actively managed. This means that investment decisions are made based on own analyses. The investment philosophy is based on analyses of economic framework conditions, industry-specific factors, and individual companies.	**Investment strategy** The fund is an equity fund that invests in a limited number of shares listed on exchange or other regulated markets in Norway. Important selection criteria for the fund's investments are companies with solid balance sheet, good historical returns on equity, and reasonable pricing. The fund is actively managed. This means that investment decisions are made based on own analyses. The investment philosophy is based on analyses of economic framework conditions, industry-specific factors, and individual companies.
Sustainability The fund is categorized as an article 8 fund in accordance with the Sustainable Finance Disclosure Regulation. The fund promotes environmental and social characteristics but does not have a sustainable investment objective. The fund does not commit to make any sustainable investments.	**Sustainability** The fund is categorized as an article 8 fund in accordance with the Sustainable Finance Disclosure Regulation. The fund promotes environmental and social characteristics but does not have a sustainable investment objective. The fund does not commit to make any sustainable investments.
Benchmark The fund's benchmark is Oslo Børs Mutual Fund Index (OSEFX). The fund will not try to replicate the index and can freely choose which securities to invest in.	**Benchmark** The fund's benchmark is Oslo Børs Mutual Fund Index (OSEFX). The fund will not try to replicate the index and can freely choose which securities to invest in.
Dividend Dividends received by the fund are reinvested and form part of the unit value.	**Dividend** Dividends received by the fund are reinvested and form part of the unit value.
Suitability The receiving fund is suitable for all types of investors through all types of distribution channels.	**Suitability** The receiving fund is suitable for all types of investors through all types of distribution channels.
Investor profile Investors who understand the merging fund's risk and who plan to invest for at least 5 years.	**Investor profile** Investors who understand the receiving fund's risk and who plan to invest for at least 5 years.
Risk profile The risk indicator was calculated based on historical data and is not necessarily a reliable	**Risk profile** The risk indicator was calculated based on historical data and is not necessarily a reliable

indicator for the fund's future risk profile. The funds placement on the scale is not consistent and can change over time. The lowest category does not imply a risk-free investment. The receiving fund is placed in category 6. The fund is an equity fund. Investment in equity is typically categorized by relatively high fluctuation risk (volatility). The fund has a focused portfolio and the risk for variation in returns can be higher compared to more diversified funds. The risk indicator has not necessarily taken sufficient account of unusual market conditions or major unforeseen events. Below follows a brief description of significant risks which are not sufficiently covered in the synthetic risk-indicator. Liquidity risk- Lack of liquidity in a security can make valuation and turnover at a given time difficult. Operational risk- Risk of faulty routines or systems, human failure or the fund not being managed in accordance with the investment strategy and risk profile. Pareto Asset Management has prepared routines to reduce the possibility for operational errors.	indicator for the fund's future risk profile. The funds placement on the scale is not consistent and can change over time. The lowest category does not imply a risk-free investment. The receiving fund is placed in category 6. The fund is an equity fund. Investment in equity is typically categorized by relatively high fluctuation risk (volatility). The fund has a focused portfolio and the risk for variation in returns can be higher compared to more diversified funds. The risk indicator has not necessarily taken sufficient account of unusual market conditions or major unforeseen events. Below follows a brief description of significant risks which are not sufficiently covered in the synthetic risk-indicator. Liquidity risk- Lack of liquidity in a security can make valuation and turnover at a given time difficult. Operational risk- Risk of faulty routines or systems, human failure or the fund not being managed in accordance with the investment strategy and risk profile. Pareto Asset Management has prepared routines to reduce the possibility for operational errors.